

**BUSINESS MODEL ADOPTION AS A
PANACEA FOR SUSTAINABILITY OF
SMALL AND MEDIUM ENTERPRISES IN
NIGERIA**

BY

OLOGUNDUDU Mojeed Muhammed (Ph.D.)

ABIORO Matthew Adekunle (Ph.D.)

EKPUDU Jonathan Ehimen (Ph.D.)

**BEING PAPER PRESENTED DURING FACULTY OF MANAGEMENT
SCIENCES CONFERENCE, LAGOS STATE UNIVERSITY- THEME:
STRATEGY FOR MANAGING AND SUSTAINING THE NIGERIA
ECONOMIC GROWTH; PUBLIC AND PRIVATE SECTOR PERSPECTIVE,
APRIL 1ST -3RD, 2019**

Abstract

There is a notion that the life span of most small and medium enterprises is between five to ten years of operations, while only about ten percent strive and grow into maturity. Based on this assertions, this study therefore examined business model adoption as a panacea for sustainability of SMEs in Nigeria. The specific objective of the study is to evaluate the relationship between pricing methods, technological innovation and SMEs sustainability in Nigeria. A random sampling technique was used to select a sample of three hundred and ninety one (391) respondents from the total working population. A structured questionnaire was administered to elicit information from the respondents. The data obtained were analyzed using both descriptive and inferential statistics. Finding revealed that there is significant influence at $P < 0.05$ of business model adoption on SMEs sustainability. The result indicated a positive relationship between pricing methods ($r = 0.490$, $P < 0.05$), technological innovation ($r = 0.639$, $P < 0.05$) on SMEs sustainability in Nigeria. The study confirmed that only organizations that make sustainability their goal by a well structured business strategies in terms of pricing, products, technologies and processes will achieve a competitive advantage. It was therefore recommended that business owners should design a structure that will create new values and deliver them to all stakeholders efficiently in order to sustain their business.

Keywords: Business Model, Technological innovation, Sustainability, SMEs, Customer Segment.

INTRODUCTION

- The desire of any business conglomerate is to be in existence over a long period of time; which is referred to as a going concern concept. Hence, organizations these days are placing more priority towards ensuring the sustainability of their products and services in the market amidst different competitors.
- One strategy adopted for achieving this goal is through developing a good business model.
- A study by Al-Debei, El-Haddadeh and Avison (2008) explains that a business model is an abstract representation of a business, idea, concept, of all core interrelated architecture or design, co-operational and financial arrangements designed and developed by an organization presently and in the future, as well as all core products and/or services the organization offers, or will offer, based on these arrangements that are needed to achieve its strategic goals and objectives.

RESEARCH OBJECTIVE

- The challenge of sustainable development for small business to contribute to a better quality of life today without compromising the quality of life of future generations as called for this research.
- In addressing this identified challenges, this study therefore seeks to examine the effect of business model adoption measured by (Pricing methods and Technological innovations) as a panacea for sustainability of small and medium enterprises in Nigeria.
- The specific objectives is to investigate the relationship between pricing methods and SMEs performance, and finally to determine the relationship between technological innovations and SMEs sustainability in Nigeria.

RESEARCH HYPOTHESES

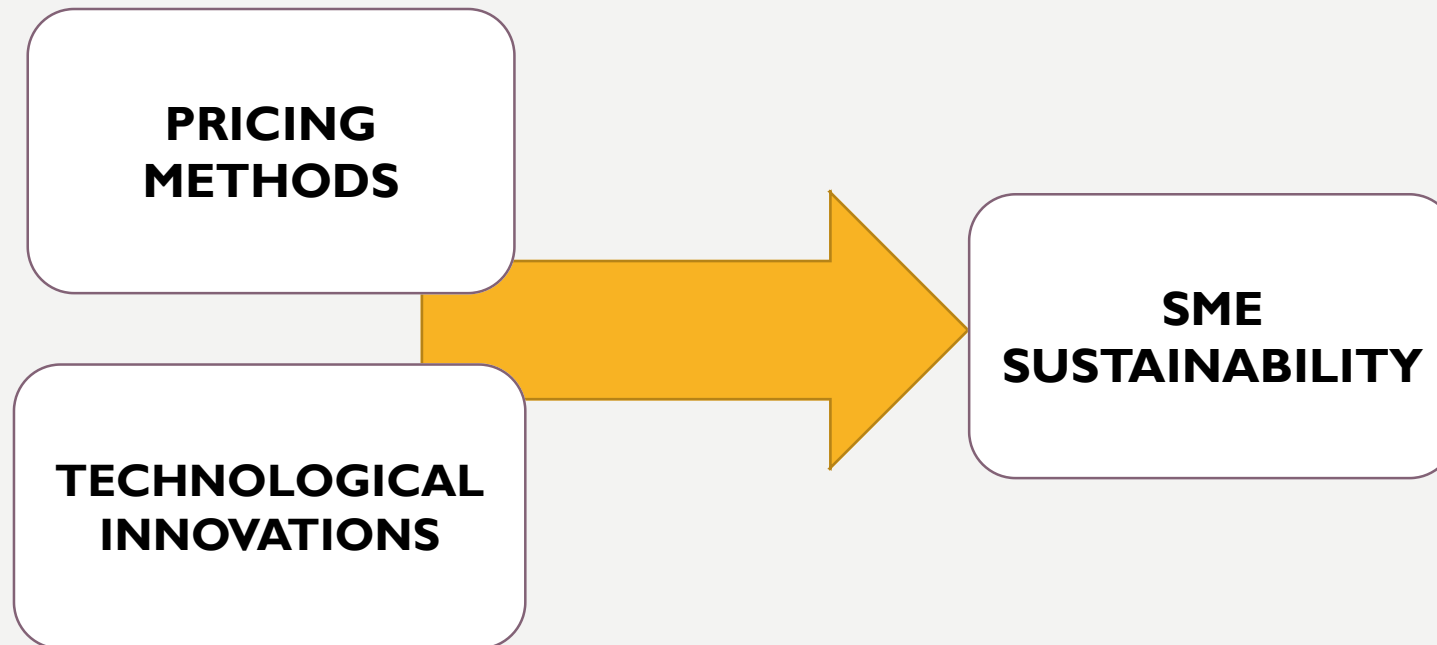
The following hypotheses were stated in a null form. These are;

- i. **H₀**: there is no significant relationship between pricing methods and SMEs sustainability.

- ii. **H₀**: there is no significant relationship between technological innovations and sustainability of SMEs in Nigeria.

LITERATURE REVIEW

CONCEPTUAL MODEL



Independent Variables

Dependent Variables

THEORETICAL FRAMEWORK

Stakeholders Theory

- The emphasis of this theory is based on how business model can transform resources holders into stakeholders.

Convention Theory

- This theory is an effort of articulation between individual's behaviour and conventions, collectively accepted by the recognition of a symbolic universe system establishing the rules of the economic game and constituting a place of shared representation making it possible to set up standards of economic and social behavior's.

Resources Based View Theory

- The appreciation of the business model largely depends on the competencies pointed by the appraisers (at the beginning resources holders) of the project of creation.

CHALLENGES OF SMES IN NIGERIA

i. Insufficient capital

A major barrier to rapid development of SME sector is a shortage of both debt and equity financing. Accessing finance has been identified as a key element for small and medium enterprises to succeed in their drive to build productive capacity, to compete, to create jobs and to contribute to poverty alleviation in developing countries.

ii. Inadequate Market Research

Research and planning are vital to ensure that a business idea is viable and that the pricing is both competitive in the market place and provides an adequate return. Lack of in-depth market research is one of the major problems for new business. It is easy to get carried away with a business idea and set up a business without testing its viability.

iii. Poor Access to Information Technology

UNCTAD (2002) opined that small business especially in Africa can rarely meet the conditions set by financial institutions, which sees SMEs as a risk because of poor guarantees and lack of information about their ability to repay loans.

METHODOLOGY

- The survey research design was used to obtain primary data from respondents.
- The Mark Slovin's formula was adopted to get a sample of 391 from the population of 16,780 registered Small and Medium Enterprises Supermarkets in Oyo States, Nigeria, obtained from Corporate Affairs Commission (CAC) data.
- However, only 305 questionnaires were returned, which represents a 78% response rate.
- For data analysis, the researcher used Pearson product moment correlation (PPMC) for the formulated hypotheses.

RESULT AND FINDINGS

Hypothesis I

- H_0 : there is no significant relationship between pricing methods and SMEs sustainability.

		Pricing methods	SME Sustainability
Pricing methods	Pearson Correlation	1	.490**
	Sig. (2-tailed)		.000
	N	305	305
SME Sustainability	Pearson Correlation	.490**	1
	Sig. (2-tailed)	.000	
	N	305	305

** . Correlation is significant at the 0.01 level (2-tailed).

CONTD.....

Interpretation

- The result from table 2 shows the correlation of pricing methods with SME sustainability is 0.490 and the significant level of 0.05. Also, P-Value of 0.000, which is less than 0.05. On this premise, the null hypothesis is hereby rejected and conclude that pricing methods has a moderate significant relationship with SMEs sustainability ($r=0.490$, $P<0.05$). This implies that the sustainability of SMEs in Nigeria is dependent upon its pricing methods as an element of a business model. The result is in line with study of Nidumolu, Prahalad, and Rangaswami (2009) which state that only companies that make sustainability a goal, by rethinking business models as well as products, technologies, and processes, will achieve competitive advantage.

Hypothesis II

- H_0 : there is no significant relationship between technological innovations and sustainability of SMEs in Nigeria.

Table 3:		Correlation	
		Technological Innovation	SME Sustainability
Technological Innovation	Pearson Correlation	1	.639**
	Sig. (2-tailed)		.000
	N	305	305
SME Sustainability	Pearson Correlation	.639**	1
	Sig. (2-tailed)	.000	
	N	305	305

** . Correlation is significant at the 0.01 level (2-tailed).

CONTD.....

Interpretation

- The correlation coefficient obtained from the statistical analysis in the table 3 shows that there is a significant relationship between technological innovation ($r= 0.639$, $P < 0.05$) and SME sustainability. Also, P-Value of 0.000, which is less than 0.05. Therefore, the null hypothesis is hereby rejected and accept the alternative hypothesis. This implies that as technological innovation increase by 64% SME sustainability also increases. The result from the analysis above shows that technological innovation as a factor under business model if adopted will bring about sustainability of businesses in Nigeria.

CONCLUSION/RECOMMENDATIONS

This study examined the influence of business model adoption on the sustainability of SMEs in Nigeria. A comprehensive research on this study was highly expressed and justified which shows the tremendous role of business model adoption on the performance and success of small and medium scale enterprises with focus on Supermarkets in Oyo metropolis. Two variables which are pricing methods and technological innovations was used as determinants of business model for the study.

However, results from the findings revealed that both pricing methods and technological innovations as a significant impact on SMEs sustainability in Nigeria. The study concluded that organizations with good business model have high tendencies to outperform competitors and rule the market. It is therefore recommended that firms should make sustainability a goal, by rethinking business models as well as products, technologies, and processes, so as to achieve competitive advantage.

**THANKS
FOR
LISTENING**